DOCUMENT RESUME

ED 475 655 PS 031 213

AUTHOR	Schumacher, Rachel; Mezey, Jennifer; Greenberg, Mark
TITLE	Southern Regional Initiative on Child Care: Analysis of Potential Barriers to Creating Coordinated Absence Policies for Collaborations between Head Start and CCDF and TANF-Funded Programs.
INSTITUTION	Center for Law and Social Policy, Washington, DC.
SPONS AGENCY	Southern Inst. on Children and Families, Columbia, SC.
PUB DATE	2002-12-00
NOTE	19p.; For related document, see ED 463 835.
AVAILABLE FROM	Center for Law and Social Policy, 1015 15th Street, NW, Suite 400, Washington, DC 20005. Tel: 202-906-8000; Fax: 202-842-2885; e-mail: info@clasp.org; Web site: http://www.clasp.org. For full text: http://www.clasp.org/DMS/Documents/1047590546.08/CLASP_memo_final.pdf.
PUB TYPE	Reports - Evaluative (142)
EDRS PRICE	EDRS Price MF01/PC01 Plus Postage.
DESCRIPTORS	*Administrative Policy; *Attendance; *Child Care; *Compensation (Remuneration); Early Childhood Education; State Federal Aid
IDENTIFIERS	Child Care and Development Block Grants; *Project Head Start; *Subsidized Child Care Services; Temporary Assistance for Needy Families

ABSTRACT

The Southern Institute has commissioned the Center for Law and Social Policy to examine whether federal law prevents states from adopting coordinated child absence policies for their Head Start and CCDF/TANF-funded (Child Care and Development Fund/Temporary Assistance for Needy Families) child care collaborative projects. The issue relates to one of a set of policies that must be examined by state policymakers when designing such collaborations. This report first analyzes the statutory and regulatory provisions relevant to child absence policies in Head Start and in child care funded under the CCDF and TANF bock block grants. Next, the report discusses some practical considerations for states interested in adopting coordinated absence policies. The principal conclusions are as follows: (1) a Head Start grantee's funding for a slot is not reduced when a child is absent, but four consecutive unexcused absences oblige the grantee to examine the family's circumstances; (2) for CCDF- or TANF-funded child care, a state may, but need not, limit provider payments to those days in which a child is in attendance; (3) nothing in federal law prevents a state from implementing a child care payment structure in which a provider is paid so long as a slot is available, in which the provider is obligated to inform the state of excessive unexcused absences, and the state may review eligibility if a child's absences exceed a specified reasonable number. The report's appendix provides additional detail about current law and examples of current absence policy practices in Southern U.S. states. (Contains 35 footnotes.) (Author/HTH)

Reproductions supplied by EDRS are the best that can be made
from the original document.

ED 475 655

Southern Regional Initiative on Child Care

Analysis of Potential Barriers to Creating Coordinated Absence Policies for Collaborations Between Head Start and CCDF and TANF-Funded Programs

Prepared for

The Southern Institute on Children and Families
Southern Regional Initiative on Child Care
500 Taylor Street, Suite 202
Columbia, SC 29201
803-779-2607
www.kidsouth.org

By

Rachel Schumacher
Jennifer Mezey
Mark Greenberg

Center for Law and Social Policy
1015 15th Street NW, Suite 400
Washington, DC 20005
202-906-8000

December 2002

PS 031213

U.S. DEPARTMENT OF EDUCATION
Office of Educational Research and Improvement
EDUCATIONAL RESOURCES INFORMATION CENTER (ERIC)
X This document has been reproduced as received from the person or organization originating it.
☐ Minor changes have been made to improve reproduction quality.
• Points of view or opinions stated in this document do not necessarily represent official OERI position or policy.

PERMISSION TO REPRODUCE AND DISSEMINATE THIS MATERIAL HAS BEEN GRANTED BY
John Hutchins
TO THE EDUCATIONAL RESOURCES INFORMATION CENTER (ERIC)

BEST COPY AVAILABLE

The views expressed in this report are those of the authors and no official endorsement by the Southern Institute on Children and Families or The David and Lucile Packard Foundation is intended or should be inferred.

The Southern Regional Initiative on Child Care

Analysis of Potential Barriers to Creating Coordinated Absence Policies for Collaborations Between Head Start and CCDF and TANF-Funded Programs

Center for Law and Social Policy, December 2002

The Southern Institute has commissioned the Center for Law and Social Policy (CLASP) to examine whether federal law prevents states from adopting coordinated child absence policies for their Head Start – CCDF/TANF-funded child care collaborative projects. This issue, which surfaced during Southern Institute site visits in Southern states, relates to one of a set of policies that must be examined by state policymakers when designing such collaborations.

This report first analyzes the statutory and regulatory provisions relevant to child absence policies in Head Start and in child care funded under the Child Care and Development Fund (CCDF) and Temporary Assistance for Needy Families (TANF) block grants. Next, we discuss some practical considerations for states interested in adopting coordinated absence policies. An appendix provides additional detail about current law and provides examples of current absence policy practices in the Southern states.

Our principal conclusions are:

- In Head Start, a grantee's funding for a slot is not reduced when a child is absent. However, if a child has four consecutive unexcused absences, the grantee is required to examine the family's circumstances to determine the cause of absences, and continued absences may lead a grantee to determine to disenroll the child.

- In CCDF- or TANF-funded child care, a state may, but need not, limit provider payments to those days in which a child is in attendance. However, if the state wishes to pay the provider for days in which a child is absent, the state is free to do so within reasonable limits.

- Accordingly, nothing in federal law prevents a state from implementing a child care payment structure in which a) a provider is paid his or her normal monthly customary charge during the time that the provider is making available a slot for an eligible child; b) the provider is obligated to inform the

state if unexcused absences exceed a specified reasonable number; and c) if unexcused absences exceed the specified number, the state reviews eligibility and may terminate the family's child care assistance.

Thus, the state's child care policies, consistent with Head Start policies, would ensure continuity of payment to providers making slots available for a child, while ensuring that eligibility was promptly reviewed and reconsidered if a child had an unreasonable number of excused absences.

Note that legal considerations are not the only factor affecting absence policies. Differences in funding levels, missions, and commonly accepted practice have the potential to affect state decision-making on coordinating absence policies. However, there is not a legal barrier to developing consistent and reasonable policies concerning child absences across Head Start and subsidized child care.

Federal Head Start Law and Regulation Regarding Absence Policies

Head Start is a federal-to-local grant program that provides prospective funding for participating grantees on an annual basis. Grantees are awarded a specific amount based on program enrollment projections and may draw down those funds electronically as the program deems necessary over the course of the year. Individual child absences do not affect payment to the program, although program-wide patterns of absences may have funding consequences. The Head Start Act does not expressly address child absences. However, Head Start regulations contain explicit provisions governing how grantees should handle absences of an individual child, as well as overall patterns of absences within a center-based program. The regulations further lay out the means to assure accountability of grantees to follow these and other program regulations, through on-site monitoring conducted by Administration for Children and Families regional offices and ultimately through termination procedures triggered by consistent noncompliance.

In Head Start, individual child absences trigger an examination of family needs. When a Head Start program identifies an individual child with more than four consecutive absences for which no valid reason is provided, the program must examine any changes in the child's family's circumstances that may be causing the pattern. The program must assess whether or not the child should be disenrolled by gathering information from the parents through home visits or other contact. The program should document all contacts with parents. The regulations specify that program staff must stress to parents the importance of regular attendance, while remaining sensitive to any special needs of the family. If the absences continue to be chronic, and there is no other Head Start program option that can improve the attendance, then the child's slot should be considered vacant. The term "chronic" is not defined in federal law or regulation, leaving local grantees discretion to define

the term. Within 30 days of a program slot becoming officially vacant, the Head Start program must fill the slot with another child.[1]

A pattern of absences in a Head Start program requires a review of potential causes and needs for program improvement. Should monthly daily average attendance within a center-based Head Start program fall below 85 percent, program administrators are required to undertake an internal review of potential causes of absenteeism. This internal review should examine absence patterns for every enrolled child, including whether the absences have valid reasons (e.g. illness or other special circumstances) and whether consecutive absences are noted.

Head Start grantees are held accountable for their implementation of these rules through on-site monitoring conducted every three years by Administration for Children and Families regional office staff.[2] Any program with one or more deficiencies must submit a Quality Improvement Plan to take corrective action within a proposed timeframe of no longer than one year. If the Plan is not successfully completed within the proposed timeframe, the regional office must proceed with termination and denials of refunding.

CCDF and TANF Law and Regulations Regarding Absence Policies

CCDF and TANF provide funding that states can use to help low-income parents pay for child care, and states have much latitude to set administrative policies. The statutory and regulatory provisions that govern the expenditure of CCDF and TANF dollars do not provide for any specific treatment of child absences in programs receiving funds. Accordingly, in both CCDF and TANF, a state may adopt absence and payment policies in which providers are paid for both excused and unexcused absences, as long as the state's policies are "reasonable." The key operating standard is that states are responsible for ensuring that CCDF and TANF funds are used for eligible children and that providers receiving payment are actually caring for those children. Thus, the law does not preclude a state from designing a policy in which a provider continues to receive payment for a reasonable number of child absences, though there is not explicit federal guidance about how many absent days could be paid for before the policy would be judged unreasonable. (The concept of "reasonableness" is a general principle relating to use of government funds.) Finally, past guidance suggests that the U.S. Department of Health and Human Services (HHS) is willing to allow flexibility for policies that facilitate collaboration between child care and early education programs.

CCDF Law and Regulations

---

[1] Head Start Performance Regulations, Section 1305.8.

[2] Head Start Performance Regulations, Sections 1304.60 and 1304.61.

The system for provider payment under CCDF differs from that of Head Start. Under federal CCDF law, states must provide parents with the option of receiving a voucher or certificate, which may be used to purchase child care from any legal provider willing to accept it, or choosing a child care slot for which the state has contracted with the provider.[3] CCDF regulations clarify that vouchers must be available to all parents, but that states may choose whether to also make contracted slots available.[4] In addition, the state may provide funds directly to parents to pay the providers. The vast majority of children served with CCDF funds receive vouchers,[5] and their providers are reimbursed after providing child care services. A minority of states has a mix of contracted and voucher receiving providers in their system, but very few pay prospectively as under the Head Start program.[6]

In CCDF, a state's voucher system generally provides payments to providers based on a payment schedule determined by the state; in most states, the payments are set in relation to a market rate survey conducted by the state to determine providers' customary charges. States typically reimburse providers for care provided in the previous month. However, federal law is silent and therefore leaves to the state the determination of whether the amount of a provider's payment should be adjusted downward if the child missed one or more days of child care for the month.

Paying for absence days will often be entirely consistent with the providers' usual and customary practices, because, when a child care provider keeps a slot open for a child, the provider's costs are essentially the same each day the slot is held open for the child, whether or not the child is actually in attendance. And, typically, providers do not allow other parents to opt not to pay for days in which their child is absent. Thus, a state policy that makes payments for a reasonable number of absences is likely to be consistent with ordinary market practices in a local area.

In determining whether to pay for absences, states have broad, but not unlimited flexibility, because states must ensure that funds are not spent in a way that violates federal or state laws. The CCDF regulations require state CCDF lead agencies to "expend and account for CCDF funds in accordance with their own laws and procedures for expending and account for their own funds."[7] Every two years, each state must review its expenditures through an audit conducted by an

---

[3] Child Care and Development Block Grant Act, Section 658E (c) (2) (A).
[4] Child Care and Development Block Grant Regulations, 45 CFR Sections 98.30 (a) (1) and (2).
[5] U.S. Department of Health and Human Services, Administration for Children and Families, Child Care Bureau, *FY 2000 CCDF Data Tables and Charts*, http://www.acf.dhhs.gov/programs/ccb/research/.
[6] See forthcoming examination of state child care contracting by CLASP.
[7] Child Care and Development Block Grant Regulations, 45 C.F.R. Section 98.67(a).

independent entity.[8] If the auditor finds that expenditures were made that were not in accordance with the CCDF law, regulations, state plan, or laws of the state, and these expenditures are subsequently disallowed by HHS, the state must repay the amount of those expenditures to the federal government.[9]

If an absence policy involved payment for an unreasonable number of absences, the legal issue that could arise would involve whether the state was making payment for ineligible children or making payment for child care when there was no need for child care. As noted, there is no explicit federal guidance as to the level at which the number of absences exceeds the reasonable number that could be paid for. This would suggest that a state would likely want to have in place a policy that required providers to advise the state when absences exceeded some threshold number. (As a practical matter, a state is likely to want to have such reporting in place in any case, to ensure that funds are being used appropriately and effectively.[10])

Note that some absences could occur during a period in which a parent has lost her job and is attempting to find another. To ensure that eligibility for care is not impaired during a period after job loss, a state can opt to include a reasonable period of job search within the defining of "working" contained in the state's CCDF plan.[11]

While a state already has broad flexibility in structuring its CCDF payment policies, HHS has also suggested that states may use this flexibility to foster consistency in collaborative efforts between Head Start and child care. In a 1999 Policy Information Question, HHS addressed the issue of setting eligibility redetermination periods for child care program collaborations with Head Start, Early Head Start, or pre-kindergarten programs. HHS explained that states could

---

[8] See Child Care and Development Block Grant Act, Section 658K(b)(1).

[9] See Id. at Section 658K(b)(4); Child Care and Development Block Grant Regulations,); 45 C.F.R. Section 98.65(d).

[10] In a recent audit of North Carolina claims for federal child care reimbursement, the Office of the Inspector General (OIG) of HHS recommended that the state be required to repay to the federal government previously received reimbursement because, in part, of inadequate documentation of the claims. One of the examples of inadequate documentation was missing attendance records for several children for whom federal reimbursement was claimed. A final decision has not been made as to whether North Carolina will have to repay the federal funds. See U.S. Department of Health and Human Services, Office of the Inspector General, *Audit of Child Care Claims at the North Carolina Department of Health and Human Services' Division of Child Development for the Period January 1, 1996 to March 31, 1999*, A-04-01-00006 (October 2002); U.S. Department of Health and Human Services, Office of the Inspector General, *Audit of Title IV-E Foster Care Child Care Claims at the North Carolina Department of Health and Human Services' Division of Child Development for the Period November 1, 1997 to March 31, 1999*, A-04-01-00002 (November 2001); U.S. Department of Health and Human Services, Office of the Inspector General, *Audit of Title IV-E Foster Care And Other Grants' Payments for Child Care Claims at the North Carolina Department of Health and Human Services' Division of Child Development*, A-04-98-00123 (April 2001).

[11] See Mark H. Greenberg, Rachel Schumacher and Jennifer Mezey, *Action Plan to Improve Access to Child Care for Low-Income Families in the South: An Analysis of Legal Issues* (Washington, DC: CLASP, prepared for The Southern Institute on Children and Families, August, 2001).

BEST COPY AVAILABLE

set different eligibility redetermination periods for child care programs that collaborate with Head Start and other early education programs than the state established for CCDF-funded programs generally. Therefore, if an absence policy were designed to facilitate collaboration between child care programs and other early education programs, a state would have an even stronger argument for being allowed to design an absence policy that resembled the policy of the local Head Start grantee(s) with whom the child care program was collaborating. At the same time, the PIQ underscored that state flexibility is not unlimited, cautioning states that, when setting a different eligibility period in a collaboration, the state should do "a very careful assessment" to ensure that the child care services are needed to support the workforce participation of the parents of participating children. [12]

TANF Law and Regulations

States can spend TANF funds on child care services generally and may also choose to use these funds specifically to enhance the ability of Head Start and pre-kindergarten programs to be more responsive to the needs of working families. When states directly spend TANF funds on child care, they must follow TANF spending rules. In general, TANF funds must be used in a way that is "reasonably calculated" to accomplish one of the four purposes of TANF or in a manner that was permitted under the former Title IV-A welfare and child care programs that were repealed when TANF was enacted. The TANF purposes are to: provide assistance to needy families so that children may be cared for in their homes or in the homes of relatives; end the dependence of needy parents on government benefits by promoting job preparation, work, and marriage; prevent and reduce the incidence of out-of-wedlock pregnancies and establish annual numerical goals for preventing and reducing the incidence of these pregnancies; and encourage the formation and maintenance of two-parent families.[13] Spending TANF funds on child care for working parents can satisfy the second TANF purpose because it promotes job preparation and work for needy parents.[14] Allowing Head Start and pre-kindergarten to be more responsive to the child care needs of working families is specifically mentioned as one of the allowable uses of TANF funds.[15]

---

[12] This PIQ was prompted by state CCDF administrators' questions to the Bureau about whether the eligibility redetermination period for CCDF programs that are participating in collaborations with Head Start or pre-kindergarten programs could be different from the redetermination period for the rest of a state's subsidy programs.

[13] 42 U.S.C. Section 601(a).

[14] Rachel Schumacher, Mark Greenberg and Janellen Duffy, *The Impact of TANF Spending on State Child Care Subsidy Programs* (Washington, DC: CLASP, 2001).

[15] U.S. Department of Health and Human Services, Administration for Children and Families, Office of Family Assistance, *Helping Families Achieve Self-Sufficiency: A Guide on Funding Services for Children and Families through the TANF Program*, http://www.acf.dhhs.gov/programs/ofa/funds2.htm (Specifies that providing full-day/full-year high quality child care services for young children in needy families by expanding or extending the hours of programs with high educational and developmental standards, such as Head Start and accredited pre-kindergarten, is a permissible use of TANF funds.)

As with CCDF, nothing in the TANF statute or regulations specifically addresses whether TANF funds can be directly spent to pay child care providers for absent days. Therefore, the expenditure of such funds to pay providers for days on which the child was absent would be subject to general TANF spending rules,[16] and those rules do not preclude a state from paying a provider under a payment schedule that allows for a reasonable number of absences. For example, when a state is paying for a job search or training program, nothing in the statute or regulations requires that payments be adjusted to reflect each day of attendance, and the same principle would apply to a child care or early education setting.

A state would want to ensure that its absence policy for TANF-funded child care was reasonable. And, as in CCDF, a state would still have to ensure that its expenditures were legal and appropriate. In the context of answering a question about the frequency with which a state must redetermine a family's financial eligibility for TANF-funded services, HHS's Office of Financial Assistance cautioned:

> States may establish their own criteria regarding redeterminations of a family's financial eligibility to continue to receive benefits. They may also establish their own criteria regarding the scope and frequency of reporting requirements.
>
> We remind States that all Federal and MOE expenditures are subject to audit and must be substantiated for the auditors. Therefore, while entirely the State's decision, it might be prudent for a State to conduct redeterminations no less often than annually. Regardless, for audit purposes, it is important that States have clear policies, procedures, and systems in place for ensuring that their expenditures are appropriate, that they meet TANF requirements, and that they support the goals of TANF.[17]

Therefore, as in the CCDF program, the state would need to ensure that the TANF-funded child care was being provided to needy families,[18] which the state can define at an income level higher than its CCDF income eligibility level. And, in order to ensure that TANF funds are being used appropriately, a state using TANF funds for child care would want to have some sort of monitoring of children's absences and

---

[16] If the TANF funds are transferred to the CCDF block grant, they are treated as CCDF funds and subject to CCDF's spending rules.

[17] U.S. Department of Health and Human Services, Administration for Children and Families, Office of Financial Assistance, *Use of Funds, Question Number 26*, http://www.acf.dhhs.gov/programs/ofa/polquest/usefunds.htm#revised14.

[18] If a child care program is funded under purpose 3—preventing out-of-wedlock births—the funds do not have to be used only for needy families. For instance, a state could serve all of the students in a school attended by a large number of low-income children.

at some point make efforts to ensure that the family was still needy and that the services were still needed and, in fact, being provided.

Are There Practical Issues that Affect a State CCDF Lead Agency's Adoption of Head Start-Compatible Absence Policies?

There are other important factors that could impact a state CCDF lead agency's decision to adopt absence and payment policies to make it easier for subsidized child care providers to collaborate with Head Start grantees. In the current policy and fiscal environment, states are grappling with differing resource constraints, service missions, administrative structures, and common and accepted payment practices among child care and early childhood programs that affect policy development.

Resource Constraints

A state lacking sufficient resources to provide child care for all eligible families may be disinclined to implement a more expansive policy of payments for child absences. Although states experienced expansions in available child care resources after enactment of the 1996 welfare and child care laws, states were still only able to reach one in seven children eligible for CCDF-funded subsidies under federal eligibility requirements in FY 2000.[19] Whatever growth occurred in the past seems to be slowing or reversing in some states now.[20] More than half of the states experienced TANF caseload increases between June 2001 and June 2002, and TANF caseload growth could cause states to pull TANF funding out of child care programs. TANF funding for child care declined slightly between FY 2000 and 2001.[21] Information concerning FY 2002 is not yet available, but many states are already facing budget crises and are making difficult policy changes or considering restricting access to their state child care programs.[22]

It is possible that creative use of federal and state funding sources could help assure consistent payments to providers and care for children in collaborations between child care and Head Start grantees or state early education programs. Head Start grantees may exercise flexibility to use Head Start funds as needed in temporary situations where it is important to assure continuity of care, although these funds may only be used for Head Start-eligible children, and may not be transferred out of Head Start accounts. In guidance released in 2001, the Head Start Bureau states

---

[19] See Jennifer Mezey, Mark Greenberg, and Rachel Schumacher, *The Vast Majority of Federally-Eligible Children Did Not Receive Child Care Assistance in FY 2000—Increased Child Care Funding Needed to Help More Families* (Washington, DC: Center for Law and Social Policy, 2002).

[20] Children's Defense Fund, *Low-Income Families Bear the Burden of State Child Care Cutbacks* (Washington, DC: Children's Defense Fund, 2002) [hereinafter CDF, *Low-Income Families Bear the Burden*].

[21] See Rachel Schumacher and Tanya Rakpraja, *States Have Slowed Their Use of TANF Funds for Child Care in the Last Year* (Washington, DC: CLASP, 2002).

[22] CDF, *Low-Income Families Bear the Burden*.

that "Head Start grantees may not transfer, even on a temporary basis, funds from Head Start to compensate for delayed or late payment from other funding sources unrelated to the Head Start Act *and* for costs that are not allowable in Head Start. This *does not* preclude shifting funds within the Head Start account for allowable costs (as might be necessary if reimbursement for child care is delayed or reduced below budgeted amounts)."[23] Therefore, a grantee that is blending child care funding sources to provide full-day, full-year Head Start services and that receives less child care revenue than expected due to child absences in a month could conceivably make up the difference with federal Head Start funds.

Funds from state early education initiatives may also be used. National data are not available to describe how state-funded pre-K and other early education programs are faring during the downturn in the economy. However, some state early education initiatives may suffer if TANF funds are pulled back, since at least five states reported using TANF funds to fund early education initiatives in FY 2000.[24] At the same time, state court-mandated decisions (like the *Abbott* decision in New Jersey), dedicated lottery funds (the major source of funding for the Georgia Pre-K program), and popular public campaigns (like the recently passed Florida universal pre-kindergarten ballot initiative) could protect collaborative early education initiatives. State CCDF lead agencies that have not already done so should consider reaching out to the administrators of early education programs and to the federally-funded Head Start state collaboration directors in their states to explore the possibilities of blending funding.

Different Goals and Missions

Head Start is focused on providing early education opportunities for poor children and providing support services for poor families, without a requirement regarding parental work status. Thus, child absences are treated as a potential signal for additional effort on the part of the Head Start program to meet family needs or as a sign that family conditions may have changed. In addition, payments are not linked to absences and, instead, are linked to total enrollment or slots that are being made available in a community, rather than individual child attendance. The goals of CCDF are geared more towards providing financial aid to low-income families engaged in work or education and training activities so they can pay for child care. It follows that state CCDF policies tend to stress parental work status in determining when children remain eligible, and that some administrators may reason that, if a child is not physically in care on a day, then that service was not necessary that day, and payment is therefore not required. However, these policies

[23] Head Start Bureau, Administration for Children and Families, U.S. Department of Health and Human services. ACYF-IM-HS-01-06, http://www.headstartinfo.org/publications/im01/im01_06.htm (emphasis added).
[24] Rachel Schumacher, Mark Greenberg and Janellen Duffy, *The Impact of TANF Spending on State Child Care Subsidy Programs* (Washington, DC: CLASP, 2001).

may be a disincentive for providers to participate in the child care subsidy program.[25] Given that these two systems are often working with and for the same children and families, policymakers may wish to look for ways to make these goals and missions complement each other, so that they may together assure that high-quality services are available to meet working parents' needs. Again, it would be worthwhile to explore within states whether the different goals of the two programs play a role in their difficulty with collaborative planning.

Different Administration Structures and Payment Mechanisms

Head Start is a federal to local grant program administered according to federal rules with some local discretion; CCDF and TANF are both block grants that allow significant state-level policymaking flexibility. Funds in the two programs are dispersed differently as well. These differences require that those who are designing coordinated policies learn about the other program's rules and funding mechanisms, and they could require some adaptation of policies; however, they do not necessarily erect permanent barriers to coordinated policies.

The Head Start program is mostly guided by federal and regional offices of the Administration for Children and Families. Head Start federal dollars flow prospectively and directly to grantees, without state involvement. The Head Start funding structure requires some local match but is mostly federal with no state match requirement. There is little connection between a child absence and grantee funding levels, except in the more extreme situations described in the legal analysis section. While Head Start rules must be followed by all local grantees, there is room for some local discretion, as seen in the Head Start absence policy, which allows different local programs to define the term "chronic absences." Although all Head Start grantees in a specific HHS region may have similar definitions since they are all overseen by and receive guidance from the same Regional Administration for Children and Families offices, there is likely to be some variation.

State child care subsidy systems use CCDF and TANF federal and state matching and maintenance of effort funds under a block grant structure developed in the 1996 welfare overhaul. This structure and connection to welfare and work goals allows much flexibility at the state policy level (or local level for those states that devolve decision-making down to the county level) but also carries some common and accepted payment practices that are very different from the Head Start approach. State policymakers are also guided by regional Administration for Children and Families offices on meeting federal law requirements, although

[25]See forthcoming publication by Gina Adams and Kathleen Snyder, with assistance from Kathryn Tout, *Essential but Often Ignored: Child Care Providers in the Subsidy System* (Washington, DC: Urban Institute, 2002).

federal law and regulation allow significantly more variation than the Head Start Performance Standards. When the child care block grant was overhauled in 1996, pre-existing welfare-related and non welfare-related child care funding streams were combined into one, but often the funds continue to be administered within the welfare part of state government according to those administrative rules. State child care subsidy programs have traditionally maintained some link between provider payment and child attendance and developed policies that demonstrate a concern about client and provider fraud. For example, while nothing in the federal rules requires that CCDF funds be distributed as a reimbursement rather than a prospective payment, most states choose to do so. States have also chosen to use vouchers as the means to pay providers for the vast majority of children served, although they do have the option of mixing contracts directly with providers into their child care systems.[26] These are commonly accepted practices in state child care subsidy systems but are not required by federal law.

At the state level, there have been growing efforts to facilitate collaboration between Head Start grantees and state child care subsidy systems since the Head Start State Collaboration offices were created, but these offices do not determine policy for Head Start programs. Federal law requires that local grantees collaborate with state subsidized child care programs, and the Quality In Linking Together (QUILT) technical assistance project is funded by both the Head Start and the Child Care Bureaus to assist state and local Head Start-child care collaborators in their efforts. States interested in building collaborations can also consult with technical assistants from the National Child Care Information Center (NCCIC), funded by the Child Care Bureau.

Developing Consistent Policies: One Possible Approach

As suggested above, a state is free to develop CCDF and TANF payment policies that include payments for a reasonable number of absences. Accordingly, federal law does not prevent a state from adopting an approach in which payments to providers are designed to ensure a consistent, stable funding stream, while the unexcused absence of a child becomes a trigger to examine family circumstances and determine whether the family and child are still in need of care. However, to make the following policy changes, it would be important for a state CCDF lead agency to assure that there were sufficient resources and clear case management processes in place so that the state could comply with federal law and avoid making payments to ineligible children and families.

---

[26]At least eleven states (including Georgia, Kentucky, Mississippi, and Tennessee) are already using contracts in their efforts to collaborate between state child care subsidy systems and Head Start grantees. Contracts may be used by the state to require child care providers to meet Head Start regulations as a condition of contract.

For example, a state child care policy consistent with Head Start practices might provide that:

> Payments will be made to child care providers (whether through contract or voucher) based on an agreed price for the child care slot for the eligible child;
> Providers are required to track attendance and determine whether there is good cause for absences;
> If unexcused absences exceed a threshold level (e.g. four consecutive unexcused absences), the provider would be required to notify the state agency that the family had exceeded the unexcused absence threshold;
> Upon such notification, the state would contact the family, review the circumstances, and determine whether continued provision of child care assistance was appropriate; and,
> The provider's payment for the child would continue until the state informed the provider that the child was no longer eligible for child care assistance or no longer using that provider for child care services.

An approach such as the one described above would be consistent with CCDF and TANF legal requirements and ensure that funds under such programs remained targeted for eligible families, while also ensuring that providers did not face unpredictable and fluctuating payments and preserving slots and incurring the fixed costs that arise in doing so. Thus, both Head Start and child care policies would focus on treating absences as a trigger that might suggest the need for services or a review of eligibility, rather than forcing providers to bear the full costs of such absences.

Conclusion

Resource constraints and the different goals, missions, administration, and funding mechanisms of child care and Head Start programs can prove challenging for child care and Head Start programs attempting to structure collaborations. However, permanent legal barriers to collaboration do not currently exist in the law, and there are many opportunities for child care, Head Start, and other early education programs to develop policies that make it easier to collaborate, while still adhering to federal rules. State policymakers may want to consider ways to work through the non-legal issues across their programs, and to consult with QUILT, NCCIC, or other available technical assistance to help with the process.

APPENDIX ONE
Some Background on Head Start, CCDF, and TANF

Head Start Background

The purpose of Head Start is to "promote school readiness by enhancing the social and cognitive development of low-income children through the provision, to low-income children and their families, of health, educational, nutritional, social, and other services that are determined, based on family needs assessments, to be necessary."[27]

Preschool children who are in families living under the federal poverty level are eligible for Head Start services, although each grantee may have no more than 10 percent of enrollment from families exceeding the federal poverty level. Since Head Start grantees receive program funding based on a certain projected enrollment level at the start of a Head Start school year, enrollment does not have an immediate effect on funding levels for individual programs. Also, children deemed income eligible at the beginning of the year remain eligible until the end of the succeeding year, unless there are "compelling reasons" not to continue the child in the program.[28]

CCDF Background

The goals of CCDF[29] are:

> (1) to allow each State maximum flexibility in developing child care programs and policies that best suit the needs of children and parents within each State; (2) to promote parental choice to empower working parents to make their own decisions on the child care that best suits their family's needs; (3) to encourage States to provide consumer education information to help parents make informed choices about child care; (4) to assist States to provide child care to parents trying to achieve independence from public assistance; and (5) to assist States in implementing the health, safety, licensing, and registration standards established in State regulations.[30]

---

[27] Head Start Act, Section 636 [42 U.S.C. 9831].
[28] Head Start Performance Regulations, Section 1305.7.
[29] In the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) of 1996, Congress consolidated four existing child care subsidy programs (AFDC Child Care, Transitional Child Care, At-Risk Child Care, and the Child Care and Development Block Grant [CCDBG]) into one unified program subject to CCDBG rules of operation. This unified program was named the Child Care and Development Fund (CCDF) in regulations issued by the U.S. Department of Health and Human Services in 1998. 63 Fed. Reg. 39936 (July 24, 1998). This report refers to this unified program as CCDF.
[30] Child Care and Development Block Grant Act, Section 658A.

A child must meet certain eligibility criteria in order to receive child care subsidies. The child must be under age 13 (or under age 19 if the child cannot care for him or herself due to a physical or mental disability or is under court supervision), live in a family with income under the lesser of 85 percent of State Median Income (SMI) or a lower state income eligibility limit and live with a parent or guardian who is working or participating in education or training.[31]

CCDF funds are distributed from the federal government to state CCDF lead agencies who must file biennial state plans describing the agency's policies and programs. Most CCDF lead agencies are state-level agencies that have a great deal of flexibility in designing their programs and policies. In some states, CCDF programs are administered at the local level where local agencies manage funds and set programs and policies.

Background on TANF-funded Child Care

States can use federal TANF funds for child care in two ways—through transfers to the CCDF block grant or through direct expenditures of TANF funds for child care.[32] When TANF funds are transferred to CCDF, they become subject to CCDF spending rules and the above analysis would apply. If the TANF funds are directly spent for child care for an unemployed family and are therefore counted as child care assistance (unless the funds are provided for less than four months as a short-term, nonrecurrent benefit), the funds are subject to TANF data collection rules. Furthermore, the unemployed family is subject to work and child support cooperation requirements and time limits on assistance while the family receives the TANF-funded child care assistance. If the TANF funds are directly spent for child care that is not counted as TANF assistance, the funds are not subject to TANF data collection rules and the family is not subject to TANF requirements.

---

[31] Child Care and Development Block Grant Act, Section 658P(3); Child Care and Development Block Grant Regulations, 45 C.F.R. Section 98.20(a).

[32] States can use TANF funds for child care in two ways: (1) they can transfer up to 30 percent of their TANF block grants to the CCDF block grant; and (2) they can directly spend unlimited amounts of TANF funds for child care for needy families. When states transfer TANF funds to CCDF, the transferred funds become subject to CCDF rules. Therefore, the TANF rules discussed in this report will only address issues related to directly spent TANF funds.

APPENDIX TWO
How Do Head Start and Child Care Programs Currently Structure Their Absence Policies?

Head Start Absence Policies

Head Start grantees must follow the rules set out in the regulations for dealing with child absences but have some discretion to determine when "chronic" absences would require disenrollment. There are national data regarding current child Head Start attendance rates but not regarding individual grantee policies on defining "chronic." The national program data for fiscal year 2001 show that grantees maintained a national average daily attendance rate of 79 percent, with 93 percent of programs reporting full enrollment.[33]

Subsidized Child Care Absence Policies

Most states have uniform child care provider payment policies across their child care subsidy systems. However, a few states may have different policies when they contract with collaborative Head Start partners.

As of March 2000, all state child care subsidy administrators except for Nebraska and Wyoming reported that they paid providers of care to children in their statewide child care subsidy system for at least some days in which the child was absent from the program.[34] Of the 16 states and the District of Columbia participating on the Southern Regional Task Force:

Mississippi was one of seven states in the country that generally paid providers for most absent days but in practice might refuse to pay the provider if the child was absent for so many days that it appeared that the child no longer attended the program.

Alabama, Delaware, the District of Columbia, Florida, Kentucky, Maryland, Missouri, Oklahoma, and West Virginia paid providers for up to four or five absent days per month or it's equivalent (i.e. one day per week). Some of these states (DC, Florida, Kentucky, and Maryland) limited these policies; Oklahoma only paid these days if the child is attending full-time. Other states will pay for additional absences if the child's absence for additional days is due to a serious illness or other medical condition.

---

[33] Head Start Program Information Report for 2000-2001 Program Year, Performance Indicators Report – National Level Summary.

[34] The information contained in this subsection is taken from Karen Schulman, Helen Blank, and Danielle Ewen, *A Fragile Foundation: State Child Care Assistance Policies* (Washington, DC: Children's Defense Fund, 2001), at pp. 100-102, which is the most recent information available. Policies might have changed since March 2000.

Arkansas paid for up to seven absent days per month.
Louisiana paid for up to 10 absent days per month.
South Carolina limited the number of countable absent days to a maximum of 31 days per year, with consecutive payable absences limited to 10 days. These limits could be waived under certain circumstances.
Georgia paid for all absent days as long as the child attended the program for at least one day per week but set a limit of two full weeks per year.
Tennessee paid providers for up to 10 consecutive absent days as long as the parent contacted the provider. If the child was seriously ill or some other special circumstance existed, and the parent provided documentation to the local child care agency, the state would allow payment for up to 30 consecutive absent days.

Three of the Southern Institute states allowed local discretion in setting absence policies:

Virginia allowed providers to be paid for *any* absent days if the provider charges private-paying families fees for absent days, but some localities limited the number of absent days they will pay for in the absence of good cause.
Local boards in **Texas** generally pay for up to 30 absent days per year.
North Carolina localities are not required by the state to pay providers for any absent days; typically, however, localities paid providers for up to five absent days per year or more if special circumstances existed.

Data on states child care subsidy programs that have different absence and payment policies for collaboration with Head Start grantees are not currently available nationally. According to surveys of eight Southern states, two states identified absentee policies specifically as barriers to collaboration between Head Start and child care. Three other states mentioned the voucher payment mechanism as a barrier, which may actually be representative of policies that are associated with vouchers, e.g. not paying for absent days, but that are not required in voucher policy and are actually up to states to decide. Of the interviewed states, one state has recently moved to using contracts for a specific number of slots with their Head Start partners to assuage such concerns and to provide full-day, full-year Head Start to eligible children. In another state, Head Start grantees working with child care programs in partnership are providing additional funds to the project to act as a cushion for participating child care providers to use when they lose state funding due to child absences.[35] In the future, additional national research on emerging promising practices and evaluations of their success would be useful.

[35] See Dottie C. Campbell, *Collaboration Among Child Care, Head Start, and Pre-Kindergarten: A Telephone Survey of Selected Southern States* (Southern Institute on Children and Families, December 2002).

U.S. Department of Education
Office of Educational Research and Improvement (OERI)
National Library of Education (NLE)
Educational Resources Information Center (ERIC)

NOTICE

Reproduction Basis

X	This document is covered by a signed "Reproduction Release (Blanket)" form (on file within the ERIC system), encompassing all or classes of documents from its source organization and, therefore, does not require a "Specific Document" Release form.
	This document is Federally-funded, or carries its own permission to reproduce, or is otherwise in the public domain and, therefore, may be reproduced by ERIC without a signed Reproduction Release form (either "Specific Document" or "Blanket").

EFF-089 (1/2003)

P2003/213